

NEWSLETTER — ISSUE 4

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NEW STRATEGIC DIRECTION FOR THE FIRM

CDSC has positioned itself for growth with the new Strategic Plan 2021— 2025. The organization has reexamined its business model and customers and is refocusing resources to align with identified business drivers of **Technology, People** and **Distribution**. CDSC exists to make progress possible in the marketplaces we operate in and are aligning our systems, products and service offerings to meet the dynamic needs of our customers.

Some of the initiatives currently ongoing as part of the new strategy implementation process include; Securities Lending and Borrowing stakeholder engagements, CDS Account activation drive, Organizational structure review and API development to facilitate automation of CDS Account opening and maintenance.

WE ARE GUIDED BY THE FOLLOWING VALUES

- ♦ **Passion** — Our commitment to deliver value to our customers
- ♦ **Agility** — We are highly responsive to customer needs
- ♦ **Simplicity** — Making investment in the capital markets and our products easy to understand and use
- ♦ **Innovative** — Putting new ideas into practice and turning the outcomes of the creative process into useful products
- ♦ **Trust** — Our people and systems are reliable, professional, secure, ethical and capable

CHANGES IN THE CDSC BOARD



Aida Kimemia-Nesbitt
CDSC Chairperson

The CDSC Board underwent changes in its composition. Mrs. Aida Kimemia-Nesbitt was appointed as the Board Chairperson following the resignation of Mr. Charles Ogalo as a Director and Board Chairman. Mrs. Kimemia-Nesbitt is the Managing Director at Tiserin Capital, a financial advisory and investment firm which supports small and mid-sized businesses in East Africa. Mr. Ogalo was replaced by Mr. Sitoyo Lopokoiyit as a Public Interest Director. Mr. Lopokoiyit is the CEO M-PESA Africa & Chief Officer, Financial Services at Safaricom PLC.

Mr. Kiprono Kittony also joined the Board to replace Mr. Sam Kimani as a representative of NSE following his appointment as NSE Chairman.

Mr. Peter Mwangi also resigned from the Board and was replaced by Mr. Lawrence Kimathi representing the Capital Markets Challenge Fund. Mr. Kimathi is the Chief Finance Officer at KCB Group.

The incoming directors bring on board vast industry experience and will contribute immensely to the stewardship of the organization.

CDSC CURRENT RISK RATING: A+



Thomas Murray in its assessment of CDSC risk levels has given CDSC a current risk rating of A+.

CDSC also maintained an **overall risk assessment level: A** and **CSD flash impact rating: Stable**.

This favorable rating was obtained after a round of testing for Phase II of the CDSC system upgrade which was concluded in Q2 of 2021. CDSC has concluded the customization of the SWIFT capability on the CDS and plans to migrate the SWIFT release to the production environment in early Q3, with a go-live date to be agreed with our Central Depository Agents (CDAs).

The system upgrade aims to expand the SWIFT capabilities between CDSC and market participants which will enhance straight-through-processing for securities funds settlement. We expect this to have a positive impact on our Operational Risk.

SECURITIES LENDING AND BORROWING STAKEHOLDER ENGAGEMENTS



CENTRAL DEPOSITORY & SETTLEMENT CORPORATION
Invested in Progress

CDSC SECURITIES LENDING AND BORROWING (SLB) WEBINARS

via 

WEBINAR	DATE
Kenyan Capital Market Readiness for Securities Lending and Borrowing (SLB)	Tuesday, 2nd February
Investment Opportunities in SLB	Tuesday, 30th March
Securities Lending and Borrowing (SLB) VS NSE Derivatives Market	Wednesday, 28th April
Understanding SLB, Risk Exposures and Mitigation Measures	Thursday, 27th May

 9:00 am - 10:30 am

C DSC has been conducting stakeholder engagements and investor awareness on Securities Lending and Borrowing since its launch in August 2020. In the first half of 2021, we conducted four webinar engagement sessions with the public and key market stakeholders. Securities Lending and Borrowing allows participants to lend or borrow shares that constitute the NSE 20 Share Index for a maximum period of 1 year. The lender earns lending fees while the borrower engages in investment strategies like short selling to make additional income from share price movements. You can learn more about Securities Lending and Borrowing here: <https://www.cdskenya.com/products-services/securities-lending-and-borrowing> Watch previous webinar recordings here: <https://www.youtube.com/watch?v=2Vx6ZGZAHU8&list=PLJWXg7D2FYJe5lkEwuJqceOVtlmE2SXA8>

BENEFITS OF SLB TO PARTICIPANTS

- Lenders

 - ◆ Earn additional Income through Lending Fees
 - ◆ CDSC facilitates automated transfer of Securities
 - ◆ Enjoy benefits that accrue to shareholders like dividend payments, bonus share allocations and rights issues
- Borrowers

 - ◆ Earn additional income in bear market conditions
 - ◆ Supports investment strategies like short selling
 - ◆ With screen-based model, borrowers can view securities on offer and take advantage of any opportunities that arise

Lenders and Borrowers

- ◆ No Counterparty risk as transactions are guaranteed by CDSC
- ◆ Lenders and borrowers transact in a common platform (The Central Depository System)

CDSC PARTICIPATES IN ZAMARA ANNUAL RETIREMENT CONFERENCE

C DSC participated in Zamara’s Annual Pension Conference held between June 24 and June 25, 2021. Our team sensitized the pension industry experts on our new Securities Lending and Borrowing (SLB) solution to allow pension schemes take advantage of their large shareholding in listed companies to earn lending fees from SLB transactions. CDSC was represented by Mr. Jesse Kagoma our Head of Finance and Ms. Marion Kioi the Head of Operations.

